

# Summary of Proposed Agreement for City of Detroit to Acquire 77 Vacant Detroit Public School Properties

In the City's ongoing effort to remove blight from the community, vacant Detroit Public School properties have become an urgent priority. With its financial difficulties, DPS has had to focus its resources on children in the classrooms, not on maintaining its surplus properties.






DPS has also fallen behind in payments to the City of Detroit in the amount of \$11.6 million, primarily in electric bills owed to Detroit's Public Lighting Department. The City has been fearful that forcing repayment of the outstanding bills would result in further reduction in critical classroom-focused resources.

Mayor Duggan and DPS Emergency Manager Jack Martin have agreed to a solution that will take the burden of maintaining the vacant properties from DPS and, at the same time, will relieve DPS of its \$11.6 million liability to the City.



## Terms of the Deal

The terms of the proposed deal are as follows:

-  DPS will transfer to the City of Detroit 77 DPS owned properties, with associated appraised values totaling \$11.6 million.
-  The City of Detroit will accept those properties as payment for the outstanding \$11.6 million bill. The final Plan of Adjustment did not assume DPS payment of the arrearage, so this does not affect the POA.
-  All properties will be placed in escrow until the City can perform Phase 1 and Phase 2 environmental reviews on all properties to ensure that the City is not assuming significant environmental liabilities.
-  The environmental reviews are expected to take 3 months following approval of the transaction. As the environmental reviews are completed on each property to the City's satisfaction, the City will receive the properties from escrow and take a final deed from DPS.
-  The City will only accept the properties that meet its required standards. If the environmental survey does not meet the City's standards, DPS will either offer another property in equal value or reimburse the city in amount originally assigned to the property.

# Summary of the DPS Surplus Properties





The 77 properties cover 241 acres and break down as follows:

- 31** Vacant School Buildings Secured
- 26** Vacant School Buildings Unsecured/Open
- 20** Vacant Lots



A map of the properties and a list detailing each one are attached.

## Benefits to the Neighborhoods of Detroit

-  The City has access to available demolition funds to remove the buildings that can't be saved.
-  The City has access to employment programs to fund the work to secure the buildings that can be saved.
-  Neighborhoods are protected from potential land speculators.
-  The City would have the opportunity to partner in the redesign of neighborhoods to create greenways, community gardens and recreation space.
-  The new local Detroit Water and Sewerage Department could use some of the properties as green infrastructure, providing large open spaces for water retention projects to alleviate possible basement flooding from major storm events.

## How will the City Pay for the Maintenance of these Sites?

Other than ongoing grounds maintenance that the City can handle within its existing General Services Department budget, the City has a plan to demolish or secure the 57 buildings without significant cost to the general fund. The program would be funded as follows:



Approximately \$1.9 million for the environmental assessment (\$25,000 x 77 properties) will come from the Quality of Life funds for blight remediation previously approved by Judge Rhodes and provided for in the final Plan of Adjustment.



Michigan State Housing Development Authority leadership has advised us they are in the process of approving \$4.3 million in new NSP 2 funding for the City of Detroit. These funds can be used for the demolition of vacant buildings, including school or commercial buildings and must be spent no later than July 15, 2015, or the funds will lapse. This new \$4.3 million will allow us to demolish the 10-12 worst school buildings without reducing any other demolition commitments in the City.



Several of the closed schools still have playground equipment and are being used as recreation areas. These playgrounds will be maintained by the City General Services Department as City parks and maintained within the parks budget.



Those properties that are essentially vacant lots will be cut by the City as part of its general vacant lot cutting program.



Those vacant schools not being demolished will be secured by the City of Detroit in partnership with the Greater Detroit Building Trades Council. The Detroit Employment Solutions Corporation will use available federal funds to hire up to 150 employees, ages 18-21, for the purpose of securing the vacant school buildings. The Greater Detroit Building Trades Council, will at its expense, provide the supervision for the work. The City of Detroit, through its Quality of Life blight dollars, will purchase the materials needed for building security. City general fund dollars will not be needed to secure the buildings.

## **Creation of Career Opportunities for Detroiters**

At the conclusion of the program to secure the vacant school buildings in 2015, the City and the Greater Detroit Building Trades Council are hopeful that some of the 18-21 year olds employed in that process will choose to pursue apprenticeships in the building trades. With the upcoming construction projects with the Red Wings arena, the new bridge to Canada, the DWSD rebuilding of the water and sewer system, and other projects, there is expected to be a major need for increased building trades workers employed in the Detroit area. It is hoped that this will be a successful pilot project to recruit qualified apprentices.